

**MINUTES OF REGULAR MEETING
ILLINOIS GAMING BOARD
JANUARY 23, 1996
CHICAGO, ILLINOIS**

A Regular Meeting of the Illinois Gaming Board was held on January 23, 1996 in the auditorium on the 5th floor of the State of Illinois Building, Chicago, Illinois, pursuant to the Illinois Open Meetings Act, 5 ILCS 120/1 et seq.

The following Board Members were present: J. Thomas Johnson, Chairman; and Members William B. Browder, Byron G. Cudmore, Gayl S. Pyatt and Robert F. Vickrey.

Also in attendance were: Administrator Michael A. Belletire, Deputy Administrators Joseph C. Haughey, Thomas Swoik and Kevin Lockhart, Chief Legal Counsel Mareile' Cusack, other members of the staff, the media, the general public and interested parties.

Chairman Johnson called the meeting to order at 9:30 a.m. The Board by unanimous consent adjourned to Closed Session pursuant to Section 2(c), paragraphs (1), (4), (11), (14) and (21) of the Open Meetings Act, to discuss the following subject matter:

1. Issues Concerning Applicants and Licensees
2. Recommendations of Administrative Law Judges
3. Pending and Probable Litigation Matters
4. Personnel Matters
5. Closed Session Minutes

The Illinois Gaming Board reconvened in Open Session at 12:20 p.m.

Member Pyatt moved that the Board approve the minutes from the open and closed sessions of the regular meeting held on December 4 and December 5, 1995. Member Browder seconded the motion.

The next order of business was the Administrator's Report.

Administrator Belletire reported that Adjusted Gross Receipts ("AGR") for December were approximately \$96.3 million -- a 2.2 percent decrease from November 1995 but a 9.6 percent increase from comparable figures for December 1994. The Elgin Grand Victoria attained the highest monthly AGR followed by Empress and Harrah's.

The Administrator referenced various monthly reports. He reported that both Harrah's and Metropolis had low cancellation/disruption rates. Most of the non-cruising situations for all licensees were attributable to the weather. He reported that licensees continue to be aggressive in requesting identification verification. He further reported that a number of minor changes to owner-licensee Internal Controls were approved by the Administrator in December. The changes were technical and routine in nature.

The Administrator stated that the Illinois riverboat licensees, operating through the Riverboat Gaming Association, announced an industry-funded initiative to curb underage gambling and to publicize and operate a 1-800 service to aid those seeking help with compulsive gambling problems.

The Administrator stated that the Governor's State of the State message delivered on January 10 reaffirmed his support for reform of the gaming tax structure. He further stated that the biennial Auditor General's report had been completed on the Gaming Board and the draft report showed no material findings. This report covers the two year period ending June 30, 1995.

The Administrator stated that two individuals, Reynaldo Punzalan and Baltazar Argamaso, were banned from riverboats in Illinois on January 3, 1996.

Lastly, the Administrator informed the Board that staff from the Audit, Finance and Enforcement Divisions conducted an in-house training seminar on the manner in which the Illinois gaming tax is calculated.

At the request of Chairman Johnson, Andrian Levatino informed the Board of the progress being made by the gaming industry related to compulsive gambling. She stated that education and awareness components, public service announcements, training of providers and operation of the 1-800 line would start on February 1. Ms. Levatino also stated that the Department of Alcohol and Substance Abuse has been apprised on the initiatives and will be kept informed of developments.

Member Browder inquired as to the total amount of funding thus far. Ms. Levatino stated that the initial estimate of the budget is \$500,000 but that they are ready to pledge more if it is needed.

The next order of business was Items Concerning Owner Licensees.

Joseph Walsh, a Partner with the law firm of Winston & Strawn, representing the Argosy Gaming Corporation requested approval of an alternative financing proposal to one previously approved at the October 24, 1995 Board meeting. Mr. Walsh explained that Mr. Uram and Mr. Long of Argosy Gaming Corporation had attempted to be at this meeting, but bad weather caused disruption of their airline connection.

Mr. Johnson asked what the total estimated investment in the Lawrenceburg, Indiana project would be. Mr. Walsh stated that the cost is estimated at \$210 million of which Argosy is to fund 60%.

Member Browder moved to waive the two meeting rule. Member Pyatt seconded the motion. The motion was approved unanimously by voice vote.

Member Browder moved that the Board set aside its motion of October 24, 1995 approving Argosy Gaming's refinancing and, in lieu thereof, approve Argosy Gaming's refinancing proposal substantially in the form as described in the Registration Statement on Form S-3 submitted by Argosy to the Illinois Gaming Board on January 10, 1996. This authorization is subject to approval by the Administrator upon his review of the final Registration Statement filed by Argosy with the Securities and Exchange Commission and the financing transaction described therein. Member Cudmore seconded the motion. The motion was approved unanimously by voice vote.

Dennis Gallagher, General Counsel representing Harrah's Entertainment Riverboat Division, requested that Ms. Susan Clark-Jackson be approved as a Board Member of Harrah's Entertainment Riverboat Division.

Member Vickrey moved that the Board approve Susan Clark-Jackson as a member of the Board of Directors of Harrah's Illinois Corporation (sic). Member Pyatt seconded the motion. The motion was approved unanimously by voice vote.

John A. Janicik, representing Par-A-Dice Gaming Corporation, requested as first notice to the Board, renewal in February 1996 of the corporation's owner license.

Administrator Belletire recommended that the Board consider a resolution extending and clarifying the licensure dates for all owner's and supplier's licensed before March 1994.

Member Pyatt moved the Board adopt the following resolution:

WHEREAS, the Board periodically considers the renewal of owner's licenses and supplier's licenses, and,

WHEREAS, the Board undertakes licensure renewal action on a specific date during a specific month, and,

WHEREAS, the specific date of a Board meeting for a given month may change from year to year, and,

WHEREAS, the Board desires to maintain licensure continuity,

NOW THEREFORE BE IT RESOLVED THAT:

The Board affirms that Board action approving the renewal of a supplier's license or an owner's license shall be construed for all purposes pursuant to the Act as in force through the end of the month specified in the applicable renewal resolution.

And, be it further resolved that Par-A-Dice Gaming Corporation's license, which was renewed in February of 1995, is affirmed as in force through the end of February, 1996; and that Southern Illinois Riverboat Casino Cruise' license, which was issued in February of 1993, is affirmed as in force through the end of February of 1996.

And, further resolves that the supplier's licenses for U.S. Playing Card Company, Inc., GDC (Green Duck Co.) and Progressive Games, Inc., all of which were renewed in February of 1995, are affirmed as in force through the end of February, 1996.

Member Cudmore seconded the motion. The motion was approved unanimously by voice vote.

Mr. Janicik introduced Mr. Lee Kisner the President and Chief Operating Officer of Par-A-Dice Gaming Corporation who replaced Mark Sterbens, effective the beginning of this year.

Michael Ficaro, representing Southern Illinois Riverboat Casino Cruises, Inc. ("SIRCC"), requested initial consideration of the renewal of SIRCC's owners license. Mr. Steven Perskie, General Counsel and Vice President of Player's, gave an overview of the key points to be presented.

Mr. David Fishman, Vice Chairman of Player's International narrated a video portraying SIRCC from inception to date. The video depicted the impact SIRCC has had on Metropolis and the surrounding communities and indicated that the unemployment rate had been reduced, businesses are reinvesting in the community, the crime rate had dropped and economic development had been stimulated. It further indicated that SIRCC supports local community and civic events.

Bill Kommer, Mayor of Metropolis, stated that the City Council passed a resolution on January 8, 1996 in full support of SIRCC to operate a riverboat in Metropolis. Mayor Kommer spoke on the history of Metropolis and indicated that the governmental revenues generated by SIRCC have helped create many new services for the city and expand and upgrade other services.

Member Vickrey, after asking about other industrial businesses in the area, encouraged the Mayor to use tax revenues generated by SIRCC to increase other jobs by attracting other industries to the area.

Gary Kidd, past President of the Chamber of Commerce, spoke on the positive impact SIRCC has had on the development of the city of Metropolis and the entire community. He stated that they are actively searching for an Executive Director for the Chamber of Commerce. Member Vickrey encouraged the Chamber of Commerce to look for an individual with an industrial background.

Kevin Scronce, Illinois Department of Natural Resources, spoke on the cooperative and financial support that SIRCC gives the community.

Pat Rogers, General Manager, stated that SIRCC is an entertainment company and stressed that SIRCC will continue to make Metropolis a tourist destination and not just a gaming site. Mr. Rogers introduced senior staff members and discussed the future plans for

Players': a new restaurant facility and a new meeting facility with 9,000 - 10,000 square feet to be completed by late summer or early fall.

Member Vickrey asked about the competitive challenges that arise as a result of the new Evansville Aztar riverboat casino operation. Mr. Rogers responded, indicating various ways by which Player's was addressing this competing operation. He noted that the new and larger Player's riverboat recently put into service was brought on line in anticipation of the Aztar opening. He pointed, also, to recent and proposed dockside capital improvements at SIRCC. He noted increased marketing efforts the company was making. He stated that SIRCC considers the Evansville area as a second market target. Member Vickrey indicated that he would like to take a tour of Metropolis and Member Johnson stated that the Board would consider a tour of the southern facilities at a future date. Member Pyatt asked how much development had been done on land in comparison to barges. Mr. Rogers stated that most of the developments have been on land (70- 80 percent). Mr. Rogers stressed Player's commitment to Metropolis.

Mr. Perskie returned to request that the SIRCC's license be renewed at the next regular meeting of the Board.

John Janicik, representing Casino Queen, Inc. requested initial consideration for a new game, "Let it Ride" -- a game developed by Shuffle Master. Mr. Janicik described how the game is played. Chairman Johnson asked what the appeal of this game is in comparison to Caribbean Stud Poker. Craig Travers, General Manager of Casino Queen, Inc. explained that "Let it Ride" is easier to play because the player only handles three cards.

Kevin Larson, President of Empress River Casino Corporation, requested initial consideration to enable the Empress River Casino Corporation to provide its corporate guarantee to its Indiana affiliate Lake Michigan Charters, Ltd. Mr. Larson stated that the guarantee will be in support of a \$50 million credit facility tentatively approved by the Bank of America for the proposed funding of Lake Michigan Charter's gaming development in Hammond, Indiana.

The next order of business concerned Occupational Licensure.

Member Pyatt moved that the Board adopt the staff recommendation and approve the applications for Occupational License, Level 1 for: Richard Stone, Lawrence Darnell and Charles Natoli. Member Browder seconded the motion. The motion was approved unanimously by voice vote.

Member Pyatt moved that the Board adopt the staff recommendations and approve 151 applications for an Occupational License, Level 2, and 291 applications for an Occupational License, Level 3, and deny 3 application for an Occupational License, Level 2, and 11 applications for an Occupational License, Level 3. Member Browder seconded the motion. The motion was approved unanimously by voice vote.

The next order of business concerned Administrative Hearings/ALJ Reports.

Member Browder moved that:

WHEREAS, as a result of Anthony Cosentino no longer being employed in Illinois by a licensed riverboat casino owner, he is ineligible under Illinois Gaming Board Rules to be licensed;

WHEREAS, Anthony Cosentino's Application lacked adequate detail in relation to his role in the Stardust investigation to satisfy the disclosure requirements of the Board; and

WHEREAS, a withdrawal of Mr. Cosentino's Application would mean that no denial exists and that he could reapply for employment with a licensed Illinois riverboat casino should an employment position become available in the future, whereupon the Board would consider his suitability to be licensed at that time based upon the entire record on that date;

THEREFORE, I hereby move that the Board: approve Anthony Cosentino's request to withdraw his Request for Hearing on his denial of an Occupational Level 1 license pursuant to Board Rule 3000.405(d); approve Anthony Cosentino's request for reconsideration of the Board's denial of license; and approve Anthony Cosentino's request to withdraw his Application for an Occupational Level 1 license.

Member Cudmore seconded the motion. The motion was approved unanimously by voice vote.

Member Browder moved that the Board, having reviewed the administrative record, adopt the Findings of Fact and Conclusions of Law as stated in the recommendation of the Administrative Law Judge and suspend the license of Susan Ruggeberg for ninety days and require restitution to Harrah's in the amount of one hundred and fifty dollars to be paid. Member Cudmore seconded the motion. The motion was approved unanimously by voice vote.

Member Browder moved that the Board, having reviewed the administrative record, adopt the findings of fact and conclusions of law as stated in the recommendation of the Administrative Law Judge and revoke the license of William Quigley. Member Cudmore seconded the motion. The motion was approved unanimously by voice vote.

Member Browder moved that the Board, having reviewed the administrative record, adopt the findings of fact and conclusions of law as stated in the recommendation of the Administrative Law Judge and deny the application of Steven Camp. Member Cudmore seconded the motion. The motion was approved unanimously by voice vote.

Member Browder moved that the Board, having reviewed the administrative record, adopt the findings of fact and conclusions of law as stated in the recommendation of the

Administrative Law Judge and deny the application of Joseph Saganis. Member Cudmore seconded the motion. The motion was approved unanimously by voice vote.

Member Browder moved that the Board, having reviewed the administrative record, adopt the findings of fact and conclusions of law as stated in the recommendation of the Administrative Law Judge and deny the application of Jerry Borrego. Member Cudmore seconded the motion. The motion was approved unanimously by voice vote.

Member Browder moved that the Board, having reviewed the administrative record, adopt the findings of fact and conclusions of law as stated in the recommendation of the Administrative Law Judge and grant the application of Keith Vaughn. Member Cudmore seconded the motion. The motion was approved unanimously by voice vote.

The next order of business concerned Complaints and Disciplinary Actions.

Member Cudmore moved that the complaint for disciplinary action against Keith Secrest be issued and that Mr. Secrest's license be revoked. The complaint involves Mr. Secrest's ineligibility to possess an occupational license due to his criminal background. Member Vickrey seconded the motion. The motion was approved unanimously by voice vote.

The next order of business concerned Board Policy/Discussion Items.

Daryl D. Barklow, President of the East Dubuque Area Economic Development Corporation addressed the Board regarding the closure of the Silver Eagle in East Dubuque. He spoke about the improvements to the area (e.g. infrastructure around Fretress Lake, upgrades to existing public service departments and grants to other life safety projects) due to the license granted to HP, Inc. Mr. Barklow stated that the primary affect on the county of the Silver Eagle shutdown has been the loss of 350 jobs. The ripple affect has been on the vendors, the motels, the restaurants, and the service stations of the area. He stated that the public officials of Jo Daviess County support maintaining this license in the East Dubuque area. Mr. Barklow stated that he has had discussion with a small market operator who is willing to operate the Silver Eagle on a lease/management contract with HP, Inc. and asked the Board for guidance.

Judith Gratton, Chairperson of the Jo Daviess County Board stated that the County Board at its January 9, 1996 meeting voted unanimously to encourage the immediate resumption of gaming operations in the county and to strongly support a local entity's management of those operations. She stated that the County Board will do whatever is necessary to help retain the East Dubuque license.

Randy Lansing, City Manager of the City of East Dubuque spoke on behalf of the city of East Dubuque to show support for the retention of the Jo Daviess County riverboat gaming license. Mr. Lansing asked the Board for their support and backing to keep the gaming license in Jo Daviess County.

Sandra Berryman, Mayor of East Dubuque spoke on behalf of her constituents. Ms. Berryman supports maintaining a license in Jo Daviess County.

Chairman Johnson suggested that Mr. Barklow may wish to put together a specific package for presentation at the March meeting. Member Pyatt asked the speakers to specify the types of support that were given to the Silver Eagle as competition from Iowa became more fierce. Mayor Berryman indicated that several meetings were held regarding possible legislative changes. Member Vickrey stated that he hopes that the building of an industrial park pays off for the people of East Dubuque.

The next order of business concerned Board Rules and Regulations.

Administrator Belletire asked the Board to entertain the third draft of the proposed Supplier's License rule which would allow Supplier's to have an initial one year renewal with a four year renewal thereafter. This draft rule also makes provisions for restrictive licenses, allowing the Board to renew for one year periods or to restrict a four year license if problems should arise.

Mareille' Cusack, Chief Legal Counsel gave an overview of staff proposed revisions and technical changes made to existing rules. Ms. Cusack stated that the changes would make the rules more accurate and/or more consistent with current practices. Ms. Cusack asked that the Board consider approving the initial submission of the rules to the Secretary of State.

Member Pyatt moved that the Board authorize the Administrator to submit as an initial filing with the Secretary of State, the proposed Rules presented to the Board at this meeting.

Member Pyatt further moved that the Administrator, upon written notification to all members of the Board, may make editing or continuity changes in these proposed rules and may also make adjustments to these proposed rules to reflect specific commentary and concerns expressed by members of the Board or other effected parties. Member Browder seconded the motion. The motion was approved unanimously by voice vote.

Ms. Cusack further informed the Board that the initial comment period for rules 3000.230 and 3000.236 ended on December 28, 1995. One requested change to rule 3000.230 was in reference to the threshold for the acquisition and disposition of assets being raised from \$1 million (as provided in the proposed rule), to \$5 million. Staff did not make that change because of the Resolution that was adopted by the Board in September, 1995 which delegates to the Administrator anything below \$5 million. In addition, changes to Rule 3000.236 were suggested to clarify the intent of the Rule. Many of the suggestions were incorporated in order to simplify and clarify the renewal process for owner licensees. Ms. Cusack asked that the Board consider approving the second submission of Rules 3000.230 and 3000.236 to the Joint Committee on Administrative Rules.

Member Cudmore moved that the Board approve the proposed Rules 3000.230 and 3000.236 for submission as a second filing with the Joint Committee on Administrative Rules. Member Vickrey seconded the motion. The motion was approved unanimously by voice vote.

The next order of business concerned the approval processes for authorized games.

Administrator Belletire stated that Board Members at the December Board meeting, requested a clearer understanding of the requirements, procedures and decisions involved in the approval of casino games. Mr. Belletire asked that the Board consider approving a resolution that would clarify the approval process.

Member Vickrey moved that the Board approve the following resolution:

WHEREAS, pursuant to Section 4(c) of the Riverboat Gambling Act, the Board must authorize gambling games to be conducted by the owner licensees;

WHEREAS, pursuant to Section 5(c) of the Act, the Board has jurisdiction over and supervises all gambling operations governed by the Act; and

WHEREAS, pursuant to Section 5(c)(2) of the Act, the Board has the power and authority to delegate the execution of any of its power under this Act for the purpose of administering and enforcing this Act and its rules and regulations hereunder.

THEREFORE, BE IT RESOLVED THAT:

The Board delegates authority to the Administrator to maintain a list of Board approved games, to develop and maintain definitions of approved games and to implement a system to ensure that the rules of the approved games and the licensees' corresponding Internal Controls are properly reviewed and operationalized. And,

BE IT FURTHER RESOLVED THAT:

The Board hereby authorizes the following games, previously approved by the Board or otherwise authorized under the Act, to be on the Administrator's list of Board approved games:

- . Single-Position Reel-Type Electronic Gaming Devices;
- . Single-Position Single-Game Video Electronic Gaming Devices;
- . Single-Position Multi-Game Video Electronic Gaming Devices;
- . Baccarat;
- . Mini Baccarat;
- . Give-Aways;
- . Big Six;
- . Blackjack or 21;
- . Caribbean Stud Poker;
- . Craps;
- . Multi-action Blackjack;

- . Red Dog;
- . Roulette;
- . Sic Bo; and,
- . Twenty-One Super Bucks.

and,

BE IT FURTHER RESOLVED THAT:

Subsequent to this Resolution, no games other than those specifically named by this Resolution or those approved in subsequent Board resolutions, shall be considered Board approved games, and,

BE IT FURTHER RESOLVED THAT:

Subject to the Rules adopted by the Board, the Administrator is authorized to approve Tournaments, Enhanced Payouts and specific elements or types of Give-Away games.

Member Pyatt seconded the motion. The motion was approved unanimously by voice vote.

There being no further business to come before the Board, Member Pyatt moved that the Board stand adjourned. Member Cudmore seconded the motion. The motion was approved unanimously by voice vote and the Board adjourned at 2:58 p.m.

Respectfully Submitted,

Susan A. Offord
Secretary of the Board